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MONTANA LEGISLATIVE HISTORY

Chapter 11 19 83

Bill H _____ S 13 Original bill & history ____C

H. Committee on Local Government		S. Committee on Finance & Claims	
Hearing Date(s) Jan 20	✓ C	Hearing Date(s) Jan 13	✓ C
Jan 25	✓ C	_____	____C
_____	____C	_____	____C
_____	____C	_____	____C
Date Out Jan 25	✓ C	Jan 13	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

TRANSMITTED TO GOVERNOR: 03/14/83
SIGNED: 03/16/83, CHAPTER 77

SB 12 -- JACOBSON -- ALLOWING PHYSICIANS TO REPORT TO THE DIVISION OF MOTOR VEHIC PATIENTS WITH CONDITIONS THAT IMPAIR THEIR ABILITY TO SAFELY OPERATE A MOTOR VEHIC AND PROVIDING LIMITED IMMUNITY FOR SUCH PHYSICIANS.

INTRODUCED: 1/3/83
REFERRED TO COMMITTEE ON PUBLIC HEALTH, WELFARE, & SAFETY: 1/3/83
HEARING: 1/14/83
REPORT: 01/18/83, DO PASS, AS AMENDED
2ND READING: 01/20/83 AYES: 36; NAYS: 9
3RD READING: 01/22/83 AYES: 34; NAYS: 13

TRANSMITTED TO HOUSE: 1/22/83
REFERRED TO COMMITTEE ON HUMAN SERVICES: 01/24/83
HEARING: 3/7/83
REPORT: 03/07/83, BE CONCURRED IN
2ND READING: 03/08/83, BE CONCURRED IN AYES: 85; NAYS: 11
3RD READING: 03/09/83, BE CONCURRED IN AYES: 83; NAYS: 14

RETURNED TO SENATE: 3/9/83

TRANSMITTED TO GOVERNOR: 03/15/83
SIGNED: 03/18/83, CHAPTER 126

SB 13 -- MAZUREK -- TO ALLOW POLITICAL SUBDIVISIONS OF THE STATE TO CONTINUE TO THE INTEREST RATES FOR BONDS BY CHANGING OR REPEALING TERMINATION PROVISIONS; ... PROVIDING AN IMMEDIATE EFFECTIVE DATE.

INTRODUCED: 1/3/83
REFERRED TO COMMITTEE ON FINANCE & CLAIMS: 1/3/83
HEARING: 1/7/83
REPORT: 01/07/83, DO PASS
2ND READING: 01/10/83 AYES: 48; NAYS: 0
3RD READING: 01/12/83 AYES: 49; NAYS: 0

TRANSMITTED TO HOUSE: 1/12/83
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 01/13/83
HEARING: 1/20/83
REPORT: 01/25/83, BE CONCURRED IN
2ND READING: 01/27/83, BE CONCURRED IN AYES: 96; NAYS: 0
3RD READING: 01/29/83, BE CONCURRED IN AYES: 89; NAYS: 1

RETURNED TO SENATE: 1/29/83

TRANSMITTED TO GOVERNOR: 02/03/83
SIGNED: 2/4/83, CHAPTER 11

SB 14 -- MAZUREK -- TO CLARIFY THE LAW RELATING TO THE TERMINATION OF THE PARENT-CHI RELATIONSHIP ....
BY REQUEST OF: THE CODE COMMISSIONER

INTRODUCED: 1/3/83
REFERRED TO COMMITTEE ON JUDICIARY: 1/3/83
HEARING: 1/4/83
REPORT: 1/4/83, DO PASS

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

January 7, 1983

The first meeting of the Senate Finance and Claims Committee was held in room 108 of the State Capitol. The meeting was called to order by Senator Himsl, Chairman at 8:10 a.m.

ROLL CALL: All members present.

Senator Himsl welcomed the new members of the subcommittee, welcomed the former members who are still on the committee and also the secretary and fiscal analyst.

Chairman Himsl said he felt this was a very important committee, and would ask all members to reserve comments on the budget changes until they have an opportunity to look at the whole picture. He said he hoped all members would feel free to argue positions on the committee and would be able to abide by decisions made by the committee. Recognizing some issues might have strong feelings by the member he asked that if an attack were to be made on a committee position that the member have the courtesy to let the Chairman know.

CONSIDERATION OF SENATE BILL 13: Senate Bill 13, sponsored by Senator Joe Mazurek, Helena, was explained as a bill to permanently remove the ceiling on interest rates on government bonds. This was done as a temporary bill in the last Legislature by Senate Bill 15 since many municipalities could not sell bonds because of the statutory ceiling. The interim has proven this legislation was needed, and felt it should now become a permanent law. He said others were here to tell the committee how it worked in the interim. He passed out Exhibit 1, attached.

Bob Sullivan, head of the legal department for Montana Power in Butte, said they support the bill and he would tell why. He said there is a great deal of movement nationally on a ceiling on dead interest, and read an extract from the Daily Bond Buyer which said 25 of the 50 states of the Union report some changes in their rate ceiling. Montana Power Company in association with other participants is building Coal Strip 3 and 4. He said they had reduced the amount of interest and had saved $50 million. Montana Power and others have utilized bonds to finance this building. They were able to reduce the building figure to $1.7 billion. These savings will be passed on to the consumers when they begin working. He said the total average on the bonds was 9½ to 10% and that savings would be passed on to the consumer.

Bruce McKenzie, D. A. Davidson gave two exhibits to the commit (2 and 3, attached) and this interest change makes it possible to

to sell bonds so that improvements can be made in cities, counties, etc. He explained NIC as net to school and BBI as bond buyers volume by state. Montana is well below the average of 12.1.

Gene Phillips, Pacific Power and Light said they are a participant of Coal Strip 3 and 4 and would second those recommendations.

Wayne Buchanan, Montana School Boards Association said they support the bill. 22 school districts have sold bonds during the interim and the figures are on exhibit 3. We think it is working and we would like to see you repeal the sunset provision of the law.

John Campbell MSBO and Helena School District manager said he would like to thank the committee for passing the substance of this bill in the last session and hoped they would make it permanent. He said several school districts have been able to sell bonds as a result.

Alec Hanson, Montana League of Cities and Towns, said they support this bill as a condition of continuing to do business.

George Bousliman, Urban coalition, said they support the bill and said it is a very real factor for a local government to be able to retire bonds.

Jesse Long, executive administrator of School Districts of Montana, said it has allowed capital improvement in many school districts.

Bill Verwolf, City of Helena, said the substance of the bill was passed last session. We appreciate it and think it you look at the record you will see we passed the test. We have got interest below the national average.

Tim McCully, Lewis and Clark, said that Lewis and Clark County has passed two bond issues, one is the jail and the other is the county nursing home. He said the bonds will probably not be sold until next summer on the nursing home, and the passing of this bill is critical to selling them.

There were no further proponents, no opponents, and questions were opened from the committee.

Senator Keating: This question to Mr. Sullivan. I need a little knowledge of the background of bonds. When the private sector fails who gets stuck--where is the guarantee? Sullivan: There is no liability on the public sector. This bill is broad enough to cover any aspects.

Senator Keating: Is there a statutory limit? Sullivan: I would not like to answer that question.

Senator Mazurek: I would like to answer what I think Senator Keating is trying to get at on general obligation bonds and revenue bonds. They have the approval to issue them but not the ability. In closing he said there is an immediate effective date on this bill. Lewis and Clark has approved bonds for a nursing home but because of the limit, they cannot sell until next summer. It is hopeful it can be approved as soon as possible so that counties can go ahead with the sales.

Senator Himsl declared the hearing closed on Senate Bill 13.

CONSIDERATION OF SENATE BILL 44: Vice Chairman, Senator Etchart took the chair and Senator Himsl, chief sponsor, district 9, testified for the bill.

Testimony for Senator Himsl attached. Exhibit 4.

Mark Weston, Department of Health and Environmental Sciences, Water Quality Bureau, spoke in behalf of the bill. He said with the change in our law in May of 1982 counties are somewhat restricted in getting up-front money for planning and design. We feel this bill would be helpful for those entities to get the money.

Doris Shephard, MACO, said the bill last session has answered the need in more counties than we knew of when it first came out. A lot of federal dollars have been dried up in the planning and beginning stages. There is a concern that it might not be a benefit to all those in the state. This is taken care of on the repayment within 5 years.

There were no further proponents, no opponents, and the chair asked for questions from the committee members.

Senator Keating: On the repayment of the bond issue. The money is used for a study--it comes from a grant? Himsl: There used to be pre-planning grants but that fund is not available and this bill would let funds be made available for the pre-planning stage. The government's position is that they are not putting out more planning money, but if you go to completion there is a good chance of getting all or part of it back.

Senator Keating: Would this money stay in the county? Himsl: It would be returned to the county commissioners.

Senator Keating: Could it be a slush fund? Himsl: It would go to the County Commissioners and put into the general fund.

Senator Keating: Would it then go back to the Feds or the State, or what? Himsl: Federal Revenue Sharing goes from the Federal Government directly to the counties. The state does not handle it at all. It is held in the county general fund money.

Senator Himsl: Time is critical. In North western Montana they are trying to put in a central system, the county commissioners are willing to put up $20,000 to update the plan and present it to the federal government. The present rate is 75/25 and it changes in 1984.

Senator Etchart announced the hearing closed on Senate Bill 44 with the subcommittee to give their report at the meeting on Monday.

Senator Himsl resumed the chair and asked if the committee was ready to act on Senate bill 13.

DISPOSITION OF SENATE BILL 13: Motion by Senator Dover that Senate Bill 13 DO PASS. Voted, approved unanimously, roll call attached.

The meeting adjourned at 9:57 a.m.

Senator Himsl, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

48th LEGISLATIVE SESSION - - 1983 Date 1-7-83

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart, VC	✓		
Senator Dover	✓		
Senator Keating	✓		
Senator Smith	✓		
Senator Thomas	✓		
Senator Van Valkenburg	✓		
Senator Stimatz	✓		
Senator Story	✓		
Senator Ochsner	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Regan	✓		
Senator Lane	✓		
Senator Aklestad	✓		
Senator Hammond	✓		
Senator Tveit	✓		
Senator Boylan	✓		
Senator Himsl, Chairman	✓		

DATE

COMMITTEE ON Taxation BILL NO. 13, 44

VISITOR'S REGISTER

NAME	REPRESENTING	Check One: Support	Oppose
Mike Summerville	MPC	SB13	
Robert E. Sullivan	MPC	SB13	
Frank V. Way	MPC	SB13	
Peter K. Rice	Self	~~SB13~~	~~X~~
GEORGE BOUSLIMAN	URBAN COALITION	SB13	
Bill Mandoff	City of Helena	SB13	
Dan Shea	MAE	SB 44	
John P. Campbell	MSBC & Helena S.D.	SB13	
Bruce A. MacKenzie	D.A. Davidson & Co.	SB13	
GENE PHILLIPS	PACIFIC POWER & LIGHT	SB13	
Joseph P. Mazurek	Sen. Dist 16	SB13	
Mark Weston	DHES - Water Quality Bur.	SB 44	
Gentile Ferriera	Montana Chamber	SB 13	

(Please leave prepared statement with Secretary)

exh 3
1/1/83

1980	G.O.	DATE	NIC	BBI
104,500	Gallatin Co., SD #41	01/24/80	7.00%	8.30
2,600,000	Richland Co., SD #505	01/24/80	6.93	8.29
304,000	Flathead Co., SD #1	02/26/80	7.00	9.14
550,000	Richland Co., SD #4	05/14/80	7.00	7.11
1,460,000	Bozeman Library G.O.	06/18/80	7.00	7.53
350,000	Jefferson Co., SD #27	06/23/80	6.90	7.55
304,000	Flathead Co., SD #1	07/13/80	7.00	8.70
268,000	Flathead Co., SD #10	07/15/80	6.81	7.95
99,000	Belgrade, G.O.	08/18/80	7.00	8.53

1981	G.O.	DATE	NIC	BBI
45,000	Sidney G.O.	01/19/81	7.00	9.57
95,000	Sidney, G.O.	01/19/81	7.00	9.57
1,376,362	Culbertson SD #17-J	05/19/81	10.75	10.83
926,638	Culbertson SD #17-C	05/19/81	10.75	10.83
225,000	Centerville SD #5G	05/26/81	10.69	10.73
225,000	Centerville SD #5	05/26/81	10.69	10.73
500,000	Missoula Co., Open Space G.O.	06/01/81	10.68	10.64
2,966,590	Lewis & Clar Co., SD #1	06/02/81	9.78	10.64
1,595,000	Glendive ESD #1	06/04/81	10.03	10.59
324,000	Flathead Co., SD #4	06/15/81	9.90	10.63
350,350	Bainville ESD #64	06/29/81	10.00	10.74
188,650	Bainville HSD #64D	06/29/81	10.00	10.74
475,000	Yellowstone Co., SD #4	06/29/81	10.75	10.74
2,827,000	Rosebud Co., SD #19	07/09/81	11.75	10.97
1,400,000	Dawson Co., Community College District	07/13/81	11.20	10.97

1982	G.O.	DATE	NIC	BBI
6,300,000	Hill Co., MT SD #16 (Havre)	01/12/82	12.13	13.44
9,706,741	Rosebud Co., MT SD #19 (Colstrip)	03/30/82	11.75	13.04
4,191,684	Butte-Silver Bow HSD #1 (Butte)	04/20/82	11.89	12.54
1,345,000	Lake Co., ESD #23 (Polson)	05/18/82	9.99	11.82
900,000	Yellowstone Co., MT SD #7 (Laurel)	05/20/82	10.75	11.96
300,000	Yellowstone Co., MT SD #7-70	05/20/82	10.85	11.96
350,000	Lincoln Co., MT SD #1 (Troy)	06/03/82	11.75	12.13
4,190,000	Lewis & Clark Co., MT G.O.	08/17/82	10.01	11.86
1,450,000	Gallatin Co., Sd #44 (Belgrade)	10/28/82	9.09	9.69
800,000	Roosevelt Co., SD #3 (Frontier)	11/08/82	8.83	9.96
1,990,000	Custer Co., HSD (Miles City)	12/21/82	9.50	10.05

SB 13

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TABLE 7 - VOLUME BY STATE - JAN THRU AUG 1982

*** STATE ***	ALL ISSUES SALES	AMOUNT	ANIC
50 States	3,431	42,015,310	12.01
Alabama	47	716,223	12.29
Alaska	27	816,464	12.89
Arizona	71	1,011,256	11.49
Arkansas	18	379,340	0.00
California	192	3,752,522	11.94
Colorado	108	1,266,587	10.53
Connecticut	56	530,151	10.80
Delaware	14	257,481	13.17
Florida	102	2,239,233	12.34
Georgia	38	750,421	11.34
Hawaii	7	202,800	12.22
Idaho	13	68,581	11.54
Illinois	175	1,916,434	11.07
Indiana	72	528,714	12.40
Iowa	160	255,519	11.59
Kansas	39	208,630	10.65
Kentucky	84	610,910	11.49
Louisiana	74	1,190,195	11.48
Maine	22	192,701	12.20
Maryland	34	730,834	11.23
Massachusetts	69	1,306,689	11.29
Michigan	177	1,133,247	11.38
Minnesota	180	899,692	11.14
Mississippi	21	319,840	13.77
Missouri	51	431,991	12.80
Montana	20	207,804	11.10
Nebraska	54	406,461	13.00
Nevada	19	559,370	10.79
New Hampshire	15	242,135	10.62
New Jersey	88	994,606	11.87
New Mexico	44	454,988	10.59
New York	88	2,274,269	11.79
N. Carolina	53	1,230,582	10.23
N. Dakota	41	173,559	12.88
Ohio	175	1,621,713	12.63
Oklahoma	57	352,410	11.21
Oregon	40	267,926	10.93
Pennsylvania	112	1,471,260	12.28
Rhode Island	6	75,165	13.31
S. Carolina	59	840,175	10.76
S. Dakota	10	43,520	11.09
Tennessee	59	498,990	11.92
Texas	360	3,816,898	11.92
Utah	37	496,930	11.06
Vermont	19	206,892	11.46
Virginia	39	910,796	11.46
Washington	58	2,268,137	13.75
W. Virginia	24	170,910	12.23
Wisconsin	86	615,443	11.09
Wyoming	17	97,816	10.66

- Amounts in thousands.
- ANIC - average net interest cost weighted by average maturity (life) and size of issue.

	S.D.	DATE	NIC	BBI
5,000	Sanders Co. SD #6	01/04/78	5.06%	5.71%
9,700	Powell Co. SD #1	01/31/78	4.86	5.[illegible]
0,000	Missoula Co. SD #7	05/15/78	5.34	5.9[illegible]
0,000	Lincoln Co. SD #1	05/22/78	5.24	5.98
30,738	Lincoln Co. HSD #1	05/22/78	5.29	5.98
95,905	Gallatin Co. SD #35	05/31/78	5.63	6.16
25,000	Richland Co. HSD #3	06/05/78	5.14	6.19
25,000	Richland Co. SD #3	06/05/78	5.14	6.19
50,000	Yellowstone Co. SD #26	07/10/78	6.09	6.31
590,000	Missoula Co. SD #4	08/14/78	5.90	6.03
150,000	Flathead Co. SD #58	08/28/78	5.68	6.11
	G.O.			
100,000	Fort Benton G.O.	03/10/78	5.32	5.61
75,000	Broadus G.O.	06/15/78	6.00	6.16

1979	G.O.	DATE	NIC	BBI
2,642,481	Gallatin Co. GO	02/13/79	5.57%	6.50%
90,000	East Helena GO	01/25/79	6.15	6.30
125,000	Stevensville GO	07/26/79	6.40	6.19
133,334	Three Forks GO (odd amounts)	05/17/79	6.71	6.36
1,800,000	Laurel GO	08/01/79	6.30	6.19
850,000	Lewistown, MT GO	12/31/79	5.69	7.77
	S.D.			
350,000	Yellowstone Co. SD #37	02/22/79	5.98	6.31
40,000	Flathead Co. SD #39	03/15/79	7.00	6.33
431,100	Teton Co. SD #30	06/26/79	6.05	6.13
503,300	Teton Co. HSD #30	06/26/79	6.05	6.13
250,000	McCone Co. HSD #1	06/07/79	6.17	6.13
149,000	Missoula Co. SD #20	06/08/79	6.75	6.13
379,500	Lewis & Clark Co. SD #38	05/23/79	6.03	6.25

$	G.O.	DATE	NIC	BBI
50,000	Culbertson Hospital G.O.	03/15/76	5.81%	6.92%
50,000	Eureka Hospital District G.O.	11/19/76	5.34	6.39
55,000	Scobey, MT G.O. (est. Baa)	03/10/77	6.00	6.00
	S.D.			
046,000	Rosebud County HSD #19	02/08/75	6.605	7.15
847,750	Rosebud County SD #19	12/08/75	6.605	7.05
215,000	Lake County HSD 7J	03/22/76	5.97	6.92
215,000	Lake County SD 7J	03/22/76	5.97	6.92
319,400	Stillwater County HSD #5	03/29/76	5.73	6.72
279,700	Stillwater County SD #5	03/29/76	5.73	6.72
325,000	Madison County SD #52	05/19/76	5.52	6.83
100,000	Cascade Co. SD #97	06/03/76	5.34	6.89
25,000	Flathead Co. SD #20	07/06/76	7.00	6.87
30,000	Flathead Co. SD #26	08/30/76	7.00	6.58
95,500	Flathead Co. SD #15	12/01/76	5.69	6.16
708,000	Pondera Co., SD #10	12/16/76	4.9398	5.96
1,164,460	Big Horn Co. SD #17H	12/20/76	4.57	5.93
935,540	Big Horn Co. HSD #1	12/20/76	4.57	5.95

1977	G.O.	DATE	NIC	BBI
230,000	Bridger G.O.	05/19/77	5.46%	5.70%
765,000	Madison County G.O.	03/25/77	5.25	5.88
	S.D.			
215,000	Flathead County SD #50	01/11/77	4.17	5.78
980,000	Flathead & Lake Counties HSD #38	01/06/77	4.88	5.83
145,000	Flathead County SD #9	01/12/77	5.14	5.78
650,000	Lewis & Clark County SD #3	01/13/77	4.97	5.89
775,000	Flathead County HSD #5	01/11/77	5.02	5.78
300,000	Big Horn County SD #27	01/18/77	5.45	5.89
2,825,000	Big Horn County SD #2	01/18/77	5.70	5.89
1,409,172	Lake Co. SD #30	01/20/77	5.28	5.90
600,000	Silver Bow Co. SD #3	11/15/77	6.00	5.89
980,000	Cascade Co. HSD #3	02/14/77	5.19	5.86
120,000	Cascade Co. SD #38	02/14/77	5.48	5.86
260,000	Jefferson County SD #1	03/29/77	5.15	5.88
195,000	Yellowstone Co. SD #52	05/18/77	5.31	5.82
845,000	Powell Co. SD #1	05/24/77	5.47	5.70
98,000	Missoula Co. SD #20	06/13/77	5.31	5.65
1,000,000	Lewis & Clark Co. SD #9	07/18/77	6.00	5.64
1,103,000	Gallatin Co. SD #44	07/25/77	4.93	5.62
745,000	Gallatin Co. HSD #44	07/25/77	4.93	5.62
567,000	Carbon Co. SD #7	08/01/77	4.88	5.61
92,500	Gallatin Co. HSD #69	08/02/77	4.62	5.63
2,651,000	Flathead Co. HSD #5	11/28/77	4.89	5.45
325,000	Ravalli & Missoula Co. SD 15-6	11/29/77	5.09	5.45
325,000	Ravalli & Missoula Co. HSD 15-6	11/29/77	5.09	5.45

STANDING COM

January 7 19 83

MR. President

We, your committee on Finance and Claims

having had under consideration Senate Bill No. 13

MAZUREK

Respectfully report as follows: That Senate Bill No. 13

DO PASS

Senator Himsl Chairman.

JC.

STATE PUB. CO.
Helena, Mont.

SENATE COMMITTEE FINANCE AND CLAIMS

Date 1/7-83 Senate Bill No. 13 Time 8:56

Name	YES	NO	ABSENT	EXCUSED
Senator Etchart, VC	✓			
Senator Dover	✓			
Senator Keating	✓			
Senator Smith	✓			
Senator Thomas	✓			
Senator Van Valkenburg	✓			
Senator Stimatz	✓			
Senator Story	✓			
Senator Ochsner	✓			
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Regan			✓	
Senator Lane	✓			
Senator Aklestad			✓	
Senator Hammond	✓			
Senator Tveit	✓			
Senator Boylan	✓			
Senator Himsl, Chairman	✓			

Sylvia Kinsey
Secretary

Senator Himsl
Chairman

Motion: Do Pass

SENATE BILL 13.

SENATOR MAZUREK, sponsor, stated that this bill allows municipalities to set their own interest rates on bonds. This bill simply reenacts SENATE BILL 15 of last session. He handed out a copy of the session law, Chapter 500 of the laws of 1981, (EXHIBIT 7). If you look through the session law, you will see that on all types of municipal bonds, the interest rate ceiling (prior to 1981 varied from 6 to 10% depending on the type of bond) is repealed. During the last session, SENATE BILL 15 lifted those ceilings for two years. It terminates on July 1 of this year. It is necessary to go back and remove those ceilings.

The bonds that are affected are general obligation bonds, municipal general obligation bonds (7-7-4251). Section 7-7-4245 deals with refunding; Section 7-7-4432--municipal revenue bonds; television district bonds, transportation district bonds, urban renewal bonds, emergency and protective service bonds, county nursing home bonds, all of the school bonds are also involved. There are a number of sections because interest rate ceilings would be retained in all of the notice provisions. Virtually, every municipal bond including industrial revenue bonds would have the interest rate ceiling repealed. The repealers, Section 7-7-2208, are the statutory limitations for interest rates on county general obligation bonds. The other repealer 7-40-4207, is the municipal general obligation limitation and Section 20 of Chapter 500 is the two-year applicability provision which would make the interest rate ceiling limitation repealed permanently. Another handout indicates how local governments have fared during this two-year interim; a history of sales before 1980 and after the passage of the bill in 1981 are included. (EXHIBIT 8)

There are only two bond issues where the interest rate paid by the local government was higher than the bond buyer's index. The purpose of the handout is to show that municipal governments have sold their bonds at competitive rates generally lower than interest rates around the country. The final handout (EXHIBIT 9) shows where Montana fits in with the rest of the states in the United States. We are the fourteenth lowest in terms of the average net interest paid by taxpayers on bonds. He hoped that the committee would conclude that Montana has fared well during this two-year period when interest ceilings have been suspended.

The bill has an immediate effective date and voters in Helena recently approved a new county nursing home. The county is up against its bond indebtedness limit. The commissioners want to make provisions to start selling the bonds but are up against the July 1 deadline. They need to know whether the ceiling is going to be deleted entirely. Therefore, we would appreciate your favorable and prompt consideration.

PROPONENTS:

GENE HUFFORD, D. A. Davidson, Great Falls, stated that the bond buyers index is an average of 20-year nationwide bonds. The average rating within that index is A rated. It is something that does reflect the national market for tax exempt bonds and is something that can be used to compare rates that Montana municipalities are selling their bonds at. The City of Great Falls sold $6,900,000 worth of water and sewer bonds at an average rate of 8.77 with the bond buyer's index being 9.36. The point is that the market sets the interest rates that communities receive on their bonds and the fact that there is a limitation in the law does not affect what the municipality is going to get on their bond. In 1974 and 1975 when the communities could not sell their bonds, the Legislature in 1975 raised the limitation to 7% on general obligation bonds and 9% on revenue bonds. The last Legislature took the limits off for a two year period. This bill would make this permanent and it would enable the communities, if they so desire, to raise money when it is needed by them, notwithstanding they still have their right to reject the bids if interest rates are too high on their bonds.

ALEC HANSON, League of Cities and Towns, supports this bill. He believes the local governments have done a good job during the time the limitation has been off. The League supports eliminating these limitations permanently.

BOB SULLIVAN, Head of the Legal Department, Montana Power Company, Butte, gave an example of how the removal of the interest ceiling was beneficial to the customers of the Montana Power Company. When construction was resumed in 1979, it was estimated that the total cost of that project would be $1,800,000,000. With strict monitoring of construction and high productivity, it is estimated it will be $1,700,000,000. In May, 1981, after this legislature passed and declared a moratorium on the ceiling rates, three of the participants sold short-term bonds at an equivalent rate of 9 1/2%--a little bit over the ceiling if it had still been in affect. At that time, if we had gone to the long term bond market, the cost to the participants would have been 16 1/2% to 17% so it was a difference of 8%. This savings was passed on to the consumers of Montana Power. It is important that this ceiling on bonds be repealed. He supports Senate Bill 13 which would repeal the ceilings on interest rates.

JOHN CAMPBELL, Business Manager of the Helena School District, representing the Montana School Business Officials Association, stated it would be impossible for the Helena High School District to sell bonds. He asked that the sunset be lifted on this legal provision.

CHIP EDMONDS, Montana School Board Association, supports passage of this bill.

DAVID W. WILCOX, City of Missoula, also strongly supports this bill.

BILL VERWOLF, City of Helena, supports this bill for the same reasons that have already been stated. The limitation would not prevent high interest rates, but would prevent issuance of bonds when interest rates go higher. The impact is that bonds for mandated improvements can't be issued now. One has to wait until the interest rates drop below the legal limit and construction costs continue to escalate, so you get into a trade-out situation. We feel this should become permanent legislation.

OPPONENTS: None.

SEN. MAZUREK closed.

QUESTIONS:

REP. HAND asked if we were going to cancel the situation--not just have another moratorium. SEN. MAZUREK replied that this is true. The ceilings are gone forever unless future legislation would be enacted.

REP. SALES asked what is included by the term "all issues?" GENE HUFFORD, D. A. Davidson, replied that this includes all of the bond sales reported to the Public Securities Association in the home office, all the sales that took place in the various states, including Montana, and the par amount of all those issues and the average net affecting interest rate of those issues.

The hearing was closed by CHAIRMAN McBRIDE.

HOUSE BILL 193. REP. PISTORIA, sponsor, stated that this bill amends municipal contracts and franchises. The present law (EXHIBIT 10) and an amendment by Sonny Hansen, (EXHIBIT 11) were passed out. REP. PISTORIA suggested deleting "professional and technical" and adding "medical, nursing, architectural, financial." On page 2 of the law you will note that any sum exceeding $10,000 must be let out for bids. Referring to page 1 of the law, subsection (2) of 7-5-4301, all necessary contracts for professional, technical, engineering, and legal services are excluded from the provision of 7-5-4302. In 1982 a contract for $1.2 million to run a sewer plant in Great Falls came under controversy. It was felt it could come

Instances of G.O. + School Bonds paying over BBI

5813

1980	G.O.	DATE	NIC	BBI
$ 104,500	Gallatin Co., SD #41	01/24/80	7.00%	8.20%
[illegible],600,000	Richland Co., SD #505	01/24/80	6.93	8.20
[illegible]304,000	Flathead Co., SD #1	02/26/80	7.00	9.14
550,000	Richland Co., SD #4	05/14/80	7.00	7.11
[illegible],460,000	Bozeman Library G.O.	06/18/80	7.00	7.53
[illegible]350,000	Jefferson Co., SD #27	06/23/80	6.90	7.55
304,000	Flathead Co., SD #1	07/13/80	7.00	8.70
268,000	Flathead Co., SD #10	07/15/80	6.81	7.95
[illegible]99,000	Belgrade, G.O.	08/18/80	7.00	8.53

1981	G.O.	DATE	NIC	BBI
[illegible]45,000	Sidney G.O.	01/19/81	7.00	9.57
95,000	Sidney, G.O.	01/19/81	7.00	9.57
1,376,362	Culbertson SD #17-J	05/19/81	10.75	10.83
[illegible]926,638	Culbertson SD #17-C	05/19/81	10.75	10.83
[illegible]225,000	Centerville SD #5G	05/26/81	10.69	10.73
225,000	Centerville SD #5	05/26/81	10.69	10.73
[illegible]500,000	Missoula Co., Open Space G.O.	06/01/81	10.68	10.64
[illegible],966,590	Lewis & Clar Co., SD #1	06/02/81	9.78	10.64
1,595,000	Glendive ESD #1	06/04/81	10.03	10.59
324,000	Flathead Co., SD #4	06/15/81	9.90	10.63
[illegible]350,350	Bainville ESD #64	06/29/81	10.00	10.74
188,650	Bainville HSD #64D	06/29/81	10.00	10.74
475,000	Yellowstone Co., SD #4	06/29/81	10.75	10.74
[illegible]7,000	Rosebud Co., SD #19	07/09/81	11.75	10.97
[illegible],400,000	Dawson Co., Community College District	07/13/81	11.20	10.97

1982	G.O.	DATE	NIC	BBI
[illegible],300,000	Hill Co., MT SD #16 (Havre)	01/12/82	12.13	13.44
9,706,741	Rosebud Co., MT SD #19 (Colstrip)	03/30/82	11.75	13.04
[illegible],191,684	Butte-Silver Bow HSD #1 (Butte)	04/20/82	11.89	12.54
[illegible],345,000	Lake Co., ESD #23 (Polson)	05/18/82	9.99	11.82
900,000	Yellowstone Co., MT SD #7 (Laurel)	05/20/82	10.75	11.96
[illegible]300,000	Yellowstone Co., MT SD #7-70	05/20/82	10.85	11.96
[illegible]350,000	Lincoln Co., MT SD #1 (Troy)	06/03/82	11.75	12.13
[illegible],190,000	Lewis & Clark Co., MT G.O.	08/17/82	10.01	11.86
1,450,000	Gallatin Co., Sd #44 (Belgrade)	10/28/82	9.09	9.69
[illegible]800,000	Roosevelt Co., SD #3 (Frontier)	11/08/82	8.83	9.96
[illegible],990,000	Custer Co., HSD (Miles City)	12/21/82	9.50	10.05

78	S.D.	DATE	NIC	BBI
375,000	Sanders Co. SD #6	01/04/78	5.06%	5.71%
296,700	Powell Co. SD #1	01/31/78	4.86	5.03
110,000	Missoula Co. SD #7	05/15/78	5.34	5.99
590,000	Lincoln Co. SD #1	05/22/78	5.24	5.98
330,738	Lincoln Co. HSD #1	05/22/78	5.29	5.98
295,905	Gallatin Co. SD #35	05/31/78	5.63	6.16
125,000	Richland Co. HSD #3	06/05/78	5.14	6.19
225,000	Richland Co. SD #3	06/05/78	5.14	6.19
,150,000	Yellowstone Co. SD #26	07/10/78	6.09	6.31
590,900	Missoula Co. SD #4	08/14/78	5.90	6.03
150,000	Flathead Co. SD #58	08/28/78	5.68	6.11
	G.O.			
100,000	Fort Benton G.O.	03/10/78	5.32	5.61
75,000	Broadus G.O.	06/15/78	6.00	6.16

1979	G.O.	DATE	NIC	BBI
2,642,481	Gallatin Co. GO	02/13/79	5.57%	6.50%
90,000	East Helena GO	01/25/79	6.15	6.30
125,000	Stevensville GO	07/26/79	6.40	6.19
133,334	Three Forks GO (odd amounts)	05/17/79	6.71	6.30
1,800,000	Laurel GO	08/01/79	6.30	6.19
850,000	Lewistown, MT GO	12/31/79	5.69	7.77
	S.D.			
350,000	Yellowstone Co. SD #37	02/22/79	5.98	6.31
40,000	Flathead Co. SD #39	03/15/79	7.00	6.33
431,100	Teton Co. SD #30	06/26/79	6.05	6.13
503,300	Teton Co. HSD #30	06/26/79	6.05	6.13
250,000	McCone Co. HSD #1	06/07/79	6.17	6.13
149,000	Missoula Co. SD #20	06/08/79	6.75	6.13
379,500	Lewis & Clark Co. SD #38	05/23/79	6.03	6.25

1975	G.O.	DATE	NIC	BBI
398,000	Culbertson Hospital G.O.	03/15/76	5.81%	6.92%
750,000	Eureka Hospital District G.O.	11/10/76	5.34	6.39
55,000	Scobey, MT G.O. (est. Baa)	03/10/77	6.00	6.00
	S.D.			
046,000	Rosebud County HSD #19	02/05/75	6.605	7.15
847,730	Rosebud County SD #19	12/06/75	6.605	7.05
215,000	Lake County HSD 7J	03/22/76	5.97	6.92
215,000	Lake County SD 7J	03/22/76	5.97	6.92
319,400	Stillwater County HSD #5	03/29/76	5.73	6.72
279,700	Stillwater County SD #5	03/29/76	5.73	6.72
325,000	Madison County SD #52	05/19/76	5.52	6.83
100,000	Cascade Co. SD #97	06/03/76	5.34	6.89
25,000	Flathead Co. SD #20	07/06/76	7.00	6.87
30,000	Flathead Co. SD #26	08/30/76	7.00	6.58
95,500	Flathead Co. SD #15	12/01/76	5.69	6.16
708,000	Pondera Co., SD #10	12/16/76	4.9398	5.96
,164,460	Big Horn Co. SD #17H	12/20/76	4.57	5.95
935,540	Big Horn Co. HSD #1	12/20/76	4.57	5.95

1977	G.O.	DATE	NIC	BBI
230,000	Bridger G.O.	05/19/77	5.46%	5.70%
765,000	Madison County G.O.	03/25/77	5.25	5.88
	S.D.			
215,000	Flathead County SD #50	01/11/77	4.17	5.78
980,000	Flathead & Lake Counties HSD #38	01/06/77	4.88	5.83
145,000	Flathead County SD #9	01/12/77	5.14	5.78
650,000	Lewis & Clark County SD #5	01/13/77	4.97	5.89
775,000	Flathead County HSD #5	01/11/77	5.02	5.78
300,000	Big Horn County SD #27	01/18/77	5.45	5.89
2,825,000	Big Horn County SD #2	01/18/77	5.70	5.89
1,400,172	Lake Co. SD #30	01/20/77	5.28	5.90
600,000	Silver Bow Co. SD #3	11/15/77	6.00	5.89
980,000	Cascade Co. HSD #3	02/14/77	5.19	5.86
120,000	Cascade Co. SD #38	02/14/77	5.48	5.86
260,000	Jefferson County SD #1	03/29/77	5.15	5.88
165,000	Yellowstone Co. SD #52	05/18/77	5.31	5.83
845,000	Powell Co. SD #1	05/24/77	5.47	5.70
98,000	Missoula Co. SD #20	06/13/77	5.31	5.65
1,000,000	Lewis & Clark Co. SD #9	07/18/77	6.00	5.64
1,100,000	Gallatin Co. SD #44	07/25/77	4.93	5.63
745,000	Gallatin Co. HSD #44	07/25/77	4.93	5.63
507,000	Carbon Co. SD #7	08/01/77	4.88	5.63
92,500	Gallatin Co. HSD #69	08/02/77	4.62	5.63
,651,000	Flathead Co. HSD #44	11/28/77	4.89	5.45
325,000	Ravalli & Missoula Co. SD 15-6	11/29/77	5.39	5.65
325,000	Ravalli & Missoula Co. HSD 15-6	11/29/77	5.09	5.65

Exhibit 9
SB13

TABLE 7 - VOLUME BY STATE - JAN THRU AUG 1982

*** STATE ***	ALL ISSUES SALES	ALL ISSUES AMOUNT	ALL ISSUES ANIC
50 States	3,431	42,015,310	12.01
Alabama	47	716,223	12.29
Alaska	27	816,464	12.89
Arizona	71	1,011,256	11.49
Arkansas	18	379,340	0.00
California	192	3,752,522	11.94
Colorado	108	1,266,587	10.53
Connecticut	56	530,151	10.80
Delaware	14	257,481	13.17
Florida	102	2,239,333	12.34
Georgia	38	750,421	11.34
Hawaii	7	202,800	12.22
Idaho	13	68,581	11.54
Illinois	175	1,916,434	11.07
Indiana	72	528,714	12.40
Iowa	160	255,519	11.59
Kansas	39	208,630	10.65
Kentucky	84	610,910	11.49
Louisiana	74	1,190,195	11.48
Maine	22	192,701	12.20
Maryland	34	730,834	11.23
Massachusetts	69	1,306,689	11.29
Michigan	177	1,133,247	11.38
Minnesota	180	899,692	11.14
Mississippi	21	319,840	13.77
Missouri	51	431,991	12.80
Montana	20	207,804	11.10
Nebraska	54	406,461	13.00
Nevada	19	559,370	10.79
New Hampshire	15	242,135	10.62
New Jersey	88	994,606	11.87
New Mexico	44	454,988	10.59
New York	88	2,274,269	11.79
N. Carolina	53	1,230,582	10.23
N. Dakota	41	173,559	12.88
Ohio	175	1,621,713	12.63
Oklahoma	57	352,410	11.21
Oregon	40	267,926	10.93
Pennsylvania	112	1,471,260	12.28
Rhode Island	6	75,165	13.31
S. Carolina	59	840,175	10.76
S. Dakota	10	43,520	11.09
Tennessee	59	498,990	11.92
Texas	360	3,816,898	11.92
Utah	37	496,930	11.06
Vermont	19	206,892	11.46
Virginia	39	910,796	11.46
Washington	58	2,268,137	13.75
W. Virginia	24	170,910	12.23
Wisconsin	86	615,443	11.09
Wyoming	17	97,816	10.66

- Amounts in thousands.
- ANIC - average net interest cost weighted by average maturity (life) and size of issue.

VISITOR'S REGISTER

HOUSE LOCAL GOVERNMENT COMMITTEE

BILL SENATE BILL 13 DATE 1-20-83

SPONSOR MAZUREK

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
David W. Wilcox	Missoula	City of Missoula	✓	
Robert E. Sullivan	Bu He	Montana Power Co	✓	
John S. Campbell	Helena	MASBO	✓	
Chris Ekmann	Helena	MSBA	✓	
Bill Verwolf	Helena	City of Helena	✓	
Gene Huffod	Great Falls	D. A. Davidson & Co	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33

REP. SCHYE: How far outside the city limits is the land we are talking about? The chief planner for the City of Missoula stated that some are approximately two miles out; some are 1/4 mile out and some are hillsides that are four or five miles away. Having sat on City-county Planning Boards, the cities could zone one mile outside the city limits with no protest. Missoula can do the very same thing. We could only go one mile because we are a very small town. Missoula may be able to go up to six miles outside the city limits. I am not saying that is right; but I am not saying that this legislation is needed, either.

REP. WALDRON: How far out can the city zone?
DAN OBERMAYER: Since it is a first-class city, they can zone three miles.
REP. WALDRON: Has the city considered zoning those unzoned areas that surround the zoned areas.
DAN OBERMAYER: The city deferred to let the county decide that issue instead of letting the city come in and impose that on the people who are not voted on by the city. It is a matter of jurisdiction.
REP. WALDRON: Why hasn't the city zoned the area right next to the mall.
DAN OBERMAYER: One of the reasons is the cost; the other factor is the matter of the railroad tracks. The city does not feel that it is as threatened as it would be if a development could have access to the city.

CHAIRMAN McBRIDE closed the hearing on HOUSE BILL 240.

EXECUTIVE SESSION
SENATE BILL 13.

SEN. MAZUREK, sponsor. This bill eliminates the sunset of July 1, 1983 for setting the interest rate ceiling.

REP. HAND: Moved that SENATE BILL 13 BE CONCURRED IN. It was seconded by REP. VINGER.

The motion was voted on and PASSED UNANIMOUSLY.

The meeting adjourned at 2:00 p.m.

Kathleen McBride
CHAIRMAN KATHLEEN McBRIDE

Ann Brevett
Secretary

STANDING COMMITTEE REPORT

January 23, 19 83

MR. SPEAKER

We, your committee on LOCAL GOVERNMENT

having had under consideration SENATE Bill No. 13

blue reading copy (third color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW POLITICAL SUBDIVISIONS OF THE STATE TO CONTINUE TO SET THE INTEREST RATES FOR BONDS BY CHANGING OR REPEALING TERMINATION PROVISIONS OF CHAPTER 500, LAWS OF 1981; AMENDING SECTION 21, CHAPTER 500, LAWS OF 1981; REPEALING SECTION 20, CHAPTER 500, LAWS OF 1981, AND SECTIONS 7-7-2208 AND 7-7-4207, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That SENATE Bill No. 13

BE CONCURRED IN
~~DO PASS~~

STATE PUB. CO.
Helena, Mont.

KATHLEEN McBRIDE Chairman.

COMMITTEE SECRETARY